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SENSITIVE BUT UNCLASSIFIED  
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DEPT FOR EEB/CIP/BA  
USTR FOR CATHERINE HINCKLEY

E.O. 12958: N/A  
TAGS: [ECPS](#) [ETRD](#) [USTR](#) [SF](#)  
SUBJECT: USTR: SAG RESPONSE TO SECTION 1377 TELECOM TRADE AGREEMENTS  
2008 REVIEW

REF: STATE 03689

¶1. (U) Summary. ICT Officer provided the Independent Communications Authority of South Africa (ICASA) with a copy of the USTR question regarding the rules that govern market access for foreign satellite operators and the industry comments USTR has received concerning the telecommunications regulatory environment in South Africa (reftel). ICASA officials requested additional time to provide a formal response to the question and comments provided by post. ICASA Councillor Dr. Tracey Cohen responded informally to the question as an interim response and stated that South Africa currently does not have a set of aggregate rules that govern access for foreign satellite operators. ICASA is in the process of implementing new legislation intended to improve competitiveness in the South African telecommunications market. Post will report further information once ICASA has provided its formal response. End Summary.

¶2. (U) Post contacted ICASA Councillor Dr. Tracey Cohen to request a response to USTR questions and comments outlined in reftel. Dr Cohen reported that ICASA has tried for a year and a half to develop an aggregate set of rules to govern the practices of South African telecom licensees and their partners. ICASA has not been able to formalize a regulatory framework for telecommunications issues despite an initiative started in July 2007. Dr. Cohen stated that ICASA is still in the process of defining regulations and there has only been a push in the last month to do so. She believed that it will take some time for this process to "get off the ground". With respect to the question concerning access for foreign satellite operators, Cohen stated that the major rule that affects foreign satellite operators is that they have to contract with telecom licensees that have local (South African) ownership.

¶3. (U) The press has been critical of the lack of competitiveness in the South

African telecommunications market. Telkom South Africa enjoyed a protected monopoly status until the Electronic Communications Act (ECA) of 2005 was passed. ICASA was charged with implementing the ECA, which removed monopoly elements from old licenses and ensured that licensees have no special privileges over one another. A second fixed-line operator Neotel entered the market as a result. ICASA was also tasked with issuing new licenses to mobile operators and Internet service providers. However, ICASA missed its original timeframe to issue these licenses as expected in November 2007. The telecommunications market is expected to become more competitive once these licenses are approved in early 2008.

END TEXT

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